

## Message Text

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ACTION EUR-12

INFO OCT-01 ARA-10 EA-10 IO-13 ISO-00 AID-05 CEA-01  
CIAE-00 COME-00 EB-08 FRB-03 INR-10 NSAE-00 SP-02  
STR-07 TRSE-00 LAB-04 SIL-01 OMB-01 AGRE-00 PA-01  
/089 W

-----015391 250451Z /65

R 241134Z FEB 78  
FM AMEMBASSY MOSCOW  
TO SECSTATE WASHDC 8250  
AMEMBASSY BRUSSELS  
INFO AMEMBASSY BRASILIA  
AMEMBASSY MANILA  
AMEMBASSY PRAGUE  
AMEMBASSY VIENNA  
AMEMBASSY WARSAW  
USMISSION GENEVA  
USINT HAVANA

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DEPT PASS USDA FOR FAS/FCA/MCCONNELL

E.O. 11652: N/A  
TAGS: EAGR, EPAP, UR  
SUBJECT: RUMORED EC SALE OF SUGAR TO THE SOVIET UNION

REF: BRUSSELS 03067

1. PRODINTORG OFFICIAL ON 2/23 CONFIRMED RECENT SMALL  
SUGAR PURCHASE FROM EC, PROBABLY FRANCE. WHEN 350,000  
TON FIGURE WAS MENTIONED, HE INDICATED QUANTITY WAS  
GROSSLY EXAGGERATED AND THAT THEIR PURCHASE WAS LESS THAN  
A TENTH OF THIS.

2. SAME OFFICIAL STATED THAT SUGAR AGREEMENT LIMITED  
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THEIR PURCHASES TO NOT IN EXCESS OF 138,000 TONS FROM NON-  
MEMBER COUNTRIES FOR CY78. HE STATED STRONGLY THAT  
SOVIET UNION WOULD, OF COURSE, LIVE UP TO ITS REQUIREMENTS  
UNDER SUGAR AGREEMENT.

3. IN LIGHT OF INDICATED CURRENT SUPPLY SITUATION, IT IS  
DIFFICULT TO UNDERSTAND WHY SOVIET UNION WOULD BE INTER-

ESTED THIS YEAR IN IMPORTING LARGE QUANTITIES OF REFINED SUGAR. FOLLOWING IS A RECAP OF SITUATION ON CY BASIS (000 MT):

|                      | 1975   | 1976   | 1977      | 1978      |
|----------------------|--------|--------|-----------|-----------|
| PRODUCTION           | 66,314 | 99,872 | 93,300    | 96,200 1/ |
| PROCUREMENT          | 61,880 | 85,294 | 84,900    | 89,200 1/ |
| RAW IMPORTS (CANE)   | 3,236  | 3,343  | 4,130 2/  | 2,700 2/  |
| SUGAR OUTTURN FROM   |        |        |           |           |
| - BEETS              | 7,445  | 6,162  | 8,174     | 11,200 1/ |
| - FROM IMPORTED CANE | 2,937  | 3,087  | 3,863     | 2,500 2/  |
| - TOTAL              | 10,382 | 9,249  | 12,037    | 13,700 2/ |
| REFINED IMPORTS      | 4      | 383    | 200 2/    | 20 2/     |
| REFINED EXPORTS      | 53     | 73     | 50 2/     | 50 2/     |
| NET AVAILABILITY 3/  | 10,332 | 9,559  | 12,187 2/ | 13,670 2/ |

1/ PLAN

2/ ESTIMATED

3/ EXCLUDING STOCKS

4. COMMENT: IMPRESSION WAS GIVEN BY PRODINTORG OFFICAL THAT SOVIETS HAVE FULL KNOWLEDGE OF LEVEL OF WORLD INTEREST IN ANY SUGAR TRANSACTION WITH EC -- SHADES OF THE BUTTER DEAL. PRODINTORG ALSO HANDLED THIS TRANSACTION. WE BELIEVE THAT SOVIETS WILL NOT EXCEED 138,000 QUOTA AND WILL COVER SUCH QUANTITY ONLY AFTER CAREFULLY TESTING THE WATER. AS CAN BE SEEN FROM THE ABOVE SUPPLY DATA, THE LIMITED OFFICIAL USE

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SOVIET SUGAR SITUATION IS MUCH IMPROVED - ASSUMING VALIDITY OF OFFICIAL FIGURES. REGARDING THIS OMNIPRESENT PROBLEM, WE SEE NO SPECIAL REASON WHY IT IS NECESSARY TO FALSIFY 1977 FIGURES. IF THE SOVIET UNION IS IN THF MARKET FOR ADDITIONAL SUGAR IMPORTS THIS YEAR AND THEIR STATISTICS ARE CORRECT, POSSIBLE EXPLANATIONS COULD INCLUDE: A) THEY DESIRE TO FURTHER INCREASE THEIR ALREADY HIGH LEVEL OF PER CAPITA CONSUMPTION OF 41 KILOS (ABOUT THE SAME AS THE U.S.); B) CUBAN SUGAR AVAILABILITY THIS YEAR IS LESS THAN ANTICIPATED; C) THEY WANT TO REPLENISH OR BUILD STOCKS IN VIEW OF THE LOW WORLD SUGAR PRICES; AND/OR D) USSR MAY ALSO BE HEDGING ON 1978 BEET PRODUCTION. MOTIVE FOR BUYING EC REFINED SUGAR IS ASSUMED TO BE PRICE, AND PRESUMABLY WILL HAVE INVOLVED CONSULTATION WITH CUBA. CONCERNING 1978 BEET PRODUCTION TARGET OF 96.2 MMT, WE CONSIDER IT ATTAINABLE, BUT IT WILL REQUIRE ABOVE NORMAL GROWING CONDITIONS. MORE AVERAGE CONDITIONS WOULD PUT CROP IN THE 80 MMT RANGE, REDUCING 1978 SUGAR OUTTURN TO LESS THAN 9 MILLION, AND DROPPING AVAILABILITY (GIVEN ESTIMATED TRADE) TO 11.0 TO 11.5 MMT. MATLOCK

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** SALES, SUGAR, ALLEGATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 24 feb 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978MOSCOW02789  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780087-0472  
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**Office:** ACTION EUR  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Page Count:** 3  
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**Previous Handling Restrictions:** n/a  
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**To:** STATE BRUSSELS  
**Type:** TE  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
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